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Newsletter October

Dear milk producers,

Brussels, Lübeck, Paris – European Commissioner for Agriculture Dacian Cioloş always comes across ARC. What does this acronym stand for? It stands for Agricultural and Rural Convention. It might sound a little dry, but ARC is full of power and diversity. Forum Synergies (a European network for a sustainable rural development), the Groupe de Bruges (a European think tank of scholars and former ministers of agriculture), PREPARE (a network of rural development initiatives in Eastern Europe), the European Milk Board and the IFOAM EU group have, amongst others, launched this initiative. In the mean time many other organisations from all over Europe joined ARC and support its principles for a sustainable EU agricultural policy.

What is ARC doing?

Since April 2010 ARC has been compiling proposals made by the European civil society for a reform of the agricultural policy. With the help of a website, mailing-lists and several regional conferences a joint reform proposal was developed. On November 4th and 5th, 2010 this proposal will be discussed by all participants at the Committee of the Regions in Brussels and will be presented on November 16th, 2010. This means that one day before the European Commission officially publishes its reform proposals (its so-called “Communication on the Common Agricultural Policy 2020”) a “Communication from Civil Society to the European Institutions on the future Agricultural and Rural Policy” will be presented.

Paradigm shift in agriculture and Renaissance of rural areas: Turning away from the industrialised agricultural model and turning to a sustainable, diverse agriculture oriented towards a regional and local supply is a key element. When it comes to milk this means, above all, better possibilities for producers to bundle themselves to strengthen the position of producers in the food chain, setting up a monitoring agency and a better coordination of interests of consumers and producers. Agriculture has only a future in all European regions if farmers obtain a price for their produced food that covers their production costs.

Political work in the different countries

Even a joint declaration of associations, platforms, and farmers', consumers', environmental, animal welfare, rural and development aid organisations from all over Europe remains, however, only a compilation of analyses and demands as long as it is not promoted actively in the member states.

That is also why the demonstration in Strasbourg was so important. Many farmers came with their tractors to show that a change of direction in the agricultural policy and a new approach to milk production in Europe is needed. It is also important for us to see that despite the difficult situation on the farms, the solidarity amongst European milk producers is strong and alive.

Individual meetings with policy-makers are important to explain our positions and proposed solutions. The EMB board of directors and office have been very busy in recent weeks to organise everything. The close cooperation with consumers with regard to the Fair Milk (see article Germany) as well as a debate about a milk volume control (see report from Switzerland) are indispensable to strengthen the position of milk producers step by step. The article from the

Netherlands shows that we still have a lot of work to do: Minister of Agriculture Ms. Verburg would like to increase quotas.

By doing our own work as milk producers (organisation) and by cooperating with other parts of civil society we can make a stand for political conditions that allow a reasonable and sustainable production.

I hope that you enjoy this month's newsletter

Sonja Korspeter, EMB.

Dear milk producers,

we would like to ask you to send us examples that show how the milk industry acts in your respective region and to tell us about possible grievances. It is very important that you inform us about the situation of milk producers in the European countries, so that we are able to promote a reasonable reform that is based on current conditions on the dairy market. It would be much appreciated if you could send any reports to the EMB office (office@europeanmilkboard.org) with "Examples Dairies" as a reference. Thank you very much!

Silvia Däberitz, EMB

„It is important that we all stand united“

On October 20th, 2010 2000 milk producers from all over Europe came to Strasbourg to demonstrate and to call on the European parliament to support their position

The tractors are approaching one by one. They are decorated with flags and banners with the demands for prices that cover production costs in several languages. Furthermore farmers have brought along Faironikas in their national colours and you can hear the roaring of fanfares. Up to 250 farmers drove with their tractors to the European parliament in Strasbourg. Up to 2000 milk producers from Germany, Austria, Italy, the Netherlands, Belgium, Switzerland and Ireland have come to thank the members of parliament who already support their demands for a volume management on the dairy market and to encourage the members of parliament, who still hesitate, to join the ranks of their progressive colleagues. „There are still policy-makers who play the same old tune of liberalisation, even though the situation in countries such as Switzerland and the US has shown that this would lead to unfair prices for consumers and producers“ exclaims Romuald Schaber, president of the EMB. Apart from several representatives of the EMB board of directors several members of parliament, for instance Martin Häusling and José Bové from the Green party or Luís Paulo Alves from the Social democrats, take the floor as well to affirm that they support prices for milk producers that cover production costs.

Several different decorated trailers, which were prepared by the member organisations of the EMB, show the consequences of the current policy for consumers and producers. These trailers pass the demonstrators one by one. An empty table is mounted on one of the trailers to illustrate the impending loss of diversity and quality of dairy products. „Young farmers will not have a future if policy-makers stick to their current strategy“ says Katharina Laub (BDM Young) explaining a second trailer that shows very few young dairy farmers amongst a big group of young people. Another trailer depicts a representative of the dairy industry who has made himself comfortable on one end of a seesaw while five milk producers cling to their end up in the air. One can see a pile of little money bags next to him that he has taken out of the pocket of the farmers.

„It took us over 20 hours to drive with our tractor from Austria to Strasbourg to be here today“ says a tired, but cheerful Thomas Schmidthaler, IG-Milch, recounting their trip to the capital of the EU. They spent the night in their caravan that was pulled by the tractor. Farmers from different German regions drove to Strasbourg as well. More than 100 of them had a particularly long journey. Many of them took their children with them and are delighted that colleagues from different countries are here as well. „It is great to see that farmers all over Europe are so committed“ says a dairy farmer from the Bundesverband Deutscher Milchviehhalter (BDM), as he climbs from his tractor. „The situation is difficult for all of us. That is why it is so important that we stand united and demonstrate together.“

Silvia Däberitz, EMB

Switzerland: Motion Aebi is the first step towards a volume control

16 months after the abolition of the milk quota in Switzerland the lower house of the Swiss parliament (National Council) took an important decision on October 1st, 2010: the members of parliament adopted the motion of national councillor Aebi that stipulates the introduction of a volume control managed by milk producers. That means that the association of Swiss milk producers SMP/PSL shall be responsible for the volumes. According to this motion every producer is still supposed to be able to milk as much as he or she likes. They will have to pay a fee of at most 30 Rappen (about 22 cents) for milk that they produce in addition to their contracted volume to cover the costs of its commercialisation on the world market. The milk quotas that were used the last time they were allocated will serve as a basis for the contracted volume. Now this motion will have to be approved by the upper house (Council of States) as well, so that it can come into force. (Every canton in Switzerland has two representatives in this house). In the mean time this motion will be subject to a lot of lobbying in Bern. The entire milk industry, the government, the ministry of agriculture as well as some of the 38 milk producer organisations fight against the reintroduction of a single-farm based milk quota. According to Swiss laws, it is possible to change the motion before it is discussed by the Council of States. The final version, however, has to be approved by both chambers.

Conclusion:

This initiative would once again fix a production volume for every farm. This would be an urgently required step into the right direction. The question of the milk price, however, remains as well as the question whether it is sensible or admissible to depose excess production on the world market.

Werner Locher, BIG-M secretary

Something is stirring in Brussels - EMB met with several EU policy makers

„A policy-maker won't eat what he doesn't know". This is a modified version of an old German saying, but when it comes to EU politics it hits the nail on the head. To provide EU policy-makers with vital knowledge about the dairy sector representatives of the EMB met with several of them in Brussels to discuss in detail the position of European milk producers. Key elements of these talks that were for instance conducted by Romuald Schaubert, president of the EMB, were the block exemption regulation for milk producers that the EMB strives for and that would enable milk producers to bundle themselves increasingly. Furthermore the issue of the monitoring agency, which is supposed to record the full production costs as well as the demanded volume on the EU market to adapt the milk production to the demand, was addressed. It was also emphasised that contracts between producers and dairies would, given the current circumstances, always be at the expense of the producers. That is why the EMB is of the opinion that contracts are not the key to solve the problem of pricing. Should policy-makers, however, promote the contractualisation, the minimum requirements have to apply that the EMB has developed and published as part of a list of 10 minimum criteria (cf. Newsletter September).

The representatives of the European Commission and the members of the European parliament that the members of the EMB board met and explained the reality in the milk sector were interested in an exchange of information. During these face-to-face talks it became evident that EU policy-makers know very little about the real conditions on the dairy market and that intensive discussion with milk producers are required. Only by discussing with them, milk producers can make sure that they really know and understand the situation of milk producers. Because *a policy-maker won't eat* - well, you know what I am getting at.

Silvia Däberitz, EMB

Netherlands: A soft landing is not realistic

Gerda Verburg, Minister of Agriculture in Holland, believes that by extending the milk quota dairy farmers will experience a soft landing on the free milk market in 2013. As early as in 2008 the NMV illustrated with a playful demonstration that increasing the milk quota will not result in a soft landing.

Minister Verburg proposed to increase the Dutch milk quota annually by 2.5-3%.

One of the reasons why she wants to extend the milk quota is that the minister wants to reduce the high amounts of levy Dutch farmers pay. This is not acceptable for the NMV. Every dairy farmer should face the consequences when he or she exceeds his quota. Extending milk quotas is only possible if the demand for milk increases. It is known that a surplus of milk affects milk prices negatively. There has to be a balance between the demand for and the production of milk. If

there is no such a balance milk prices will drop sharply. Moreover, an increase in milk production will give rise to problems with respect to manure production as the Netherlands will not be able to remain within the limits of their allowable manure production.

Hans Geurts, president of the NMV

Germany: from North to South – the Fair Milk is on the road to success in Germany

The *Fair Milk* is now available in the next German Land

„I bring to you the *Fair Milk*“. Otto Schöneweis walks with firm steps down the gangway in his clunky wooden shoes. In his left hand he holds a tetra pack that reads *The Fair Milk*. It does not bother him that it started drizzling in Cologne, because he is on an important mission. The milk farmer from Hessen brings the milk brand that is marketed by German milk producers of the Milchvermarktungs-GmbH (MVS, Milk marketing Ltd.), from Southern Germany to North Rhine-Westphalia (NRW). The MVS is an affiliated company of the BDM, the Bundesverband Deutscher Milchviehhalter e.V., and has put the product, first of all UHT milk, on the market in Bavaria, Baden-Württemberg, Hessen, Rhineland-Palatinate and the Saarland in January 2010. From September 2010 onwards the *Fair Milk* can be found on the shelves of Rewe supermarkets in North Rhine Westphalia. The day the product was launched Otto Schöneweis and his colleagues of the MVS and the BDM arrived by ship which moored at the jetty 3 in Cologne.

The *Fair Milk* is a project of the European milk producer organisation European Milk Board (EMB). The BDM is one of its member organisations. The Austrian and Belgian member organisations of the EMB already put, using the same logo and design, the *Fair Milk* onto the market in their respective countries.

Romuald Schaber, president of the EMB, describes the concept as follows: „*The Fair Milk* guarantees an appropriate price for milk producers that covers their production costs. In Germany that means 40 cents per litre milk. This is usually not the case but rather a rare exception on the dairy market.“ In many European countries including Germany the milk industry hardly pays a price that covers the production costs. The individual farmer cannot counter this situation since its market power enables the dairy industry to bring down prices. „The weak one is eaten by the strong one“ says Jakob Niedermaier at the subsequent press conference on the ship in Cologne to sum up the situation. The 57-year old Niedermaier is the chief executive director of the MVS that already cooperates with 197 farmers to strengthen the market position of producers with the help of the *Fair Milk*.

There is one aspect that is very important to the dairy producers of the BDM. “We do not use feed imported from overseas.” They say that it is shipped around the globe, causes CO2 emissions only to result in excess milk production in Germany and in a destruction of prices worldwide. „This is crazy. We are able to produce sufficient feed in Germany for our cows. We have to realise that we should abstain from producing surpluses“ emphasises Jakob Niedermaier looking gravely at the participants of the press conference.

Kersin Lanje, expert for world trade and food security at the development aid organisation Misereor e.V. welcomes this attitude. Excess production on the European market is sold for dumping prices in developing countries. This hampers the development of a local dairy sector and small holders cannot gain a living with their production. „We are delighted that the *Fair Milk* exists, the fact that farmers in Germany get a higher, fair price means as well that less cheap dairy products are flooding markets in developing countries.“

In the mean time Otto Schöneweis has made himself comfortable in one of the chairs during the press conference. He still wears his huge wooden shoes and follows the presentation of fair products with great interest. His mission is accomplished. The *Fair Milk* has come to North Rhine Westphalia.

Silvia Däberitz, EMB.

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